



**Director of
Central
Intelligence**

Top Secret

25X1

OCO/CE

National Intelligence Daily (Cable)

13 September 1982

Top Secret

CPAS NIDC 82-214C

13 September 1982

Copy

402

25X

Page Denied

Top Secret



25X

Contents

China: *Party Congress Closes* 1

Spain: *Socialist Election Prospects Brighten* 3



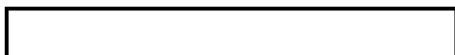
EC-International: *GATT Meeting Delayed* 4

China-UK: *Destroyer Modernization* 5

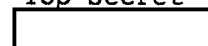


25X

25X



Top Secret



25X

25X

Top Secret

CHINA: Party Congress Closes

The party meetings that ended yesterday significantly strengthened the hands of Deng Xiaoping and his chosen successor, General Secretary Hu Yaobang. [REDACTED]

According to China's media, the congress elected 99 new members to the 210-person Central Committee. They largely are younger, professionally qualified officials who support Deng's policies, including the succession of Hu. The congress also established a central advisory commission of semiretired elders, headed by Deng. [REDACTED]

The plenary session of the new Central Committee that followed the congress in turn made major changes in the composition of the Politburo and Secretariat, but made almost no changes in the Politburo Standing Committee and the Military Commission. Former party Chairman Hua Guofeng was dropped from the Politburo Standing Committee to the Central Committee, and Politburo and Secretariat member Peng Chong fell with him. Nine relatively aged leaders, most of whom have ties to Deng, were added to the Politburo, and five generally younger officials of proven loyalty to Deng and Hu Yaobang were appointed to the powerful Secretariat. [REDACTED]

Comment: The political complexion of the senior party leadership now includes a greater proportion of the reformist allies of Deng and Hu than ever before. Taken together with the earlier endorsement by the congress of the reformers' political and economic program, the results of the congress have placed Hu in a strong position to beat back challenges to his leadership and continue Deng's policies once he leaves the scene. [REDACTED]

To achieve their objectives, the reformers had to accept the continuation of some infirm party elders, who were candidates for retirement, in their prestigious posts. By adding more elderly officials to the Politburo, however, Deng intends to reduce the body to a de facto advisory role and to make the Secretariat headed by Hu the center of power. Deng has yet to show he can manage this task. [REDACTED]

--continued

Top Secret

Top Secret

The demotion of Hua Guofeng removes him from a position where, as a relatively youthful symbol of loyalty to Mao Zedong and opposition to reform, he had the potential to cause mischief for Hu Yaobang. Removing Peng Chong denies opponents a capable younger official in charge of the security forces and who in the past has demonstrated loyalty to Hua. Both men, as well as a few others who were losers in previous battles with Deng, were allowed to remain on the Central Committee, partly as a face-saving gesture. [REDACTED]

The military appears to retain roughly the same proportion of representation in the party leadership as before. The lack of new personnel appointments to the party Military Commission, still chaired by Deng, suggests that he wants to phase it out over time in the face of resistance. The new party constitution indicates a new government body will have increased responsibility over military matters in the future. [REDACTED]

Top Secret

Top Secret

SPAIN: Socialist Election Prospects Brighten

The failure of the center and right-of-center parties to unite has increased the chances of a Socialist victory in the national election on 28 October. [REDACTED]

Weeks of intensive negotiations have failed to produce an agreement among the five principal parties on a united front. The deadline for forming electoral coalitions is tomorrow. [REDACTED]

The ruling Center Democratic Union is badly split between proponents of left- and right-leaning alliances and thus far has been able to agree on fielding a common slate with only the small, centrist Democratic Liberal Party. The more conservative Popular Alliance is hampered by internal opposition to coalitions, although it has tried to assimilate the new Popular Democratic Party. Former Prime Minister Suarez's Social and Democratic Center Party also wants to go it alone, with some members hoping for an eventual role in a Socialist-led cabinet. [REDACTED]

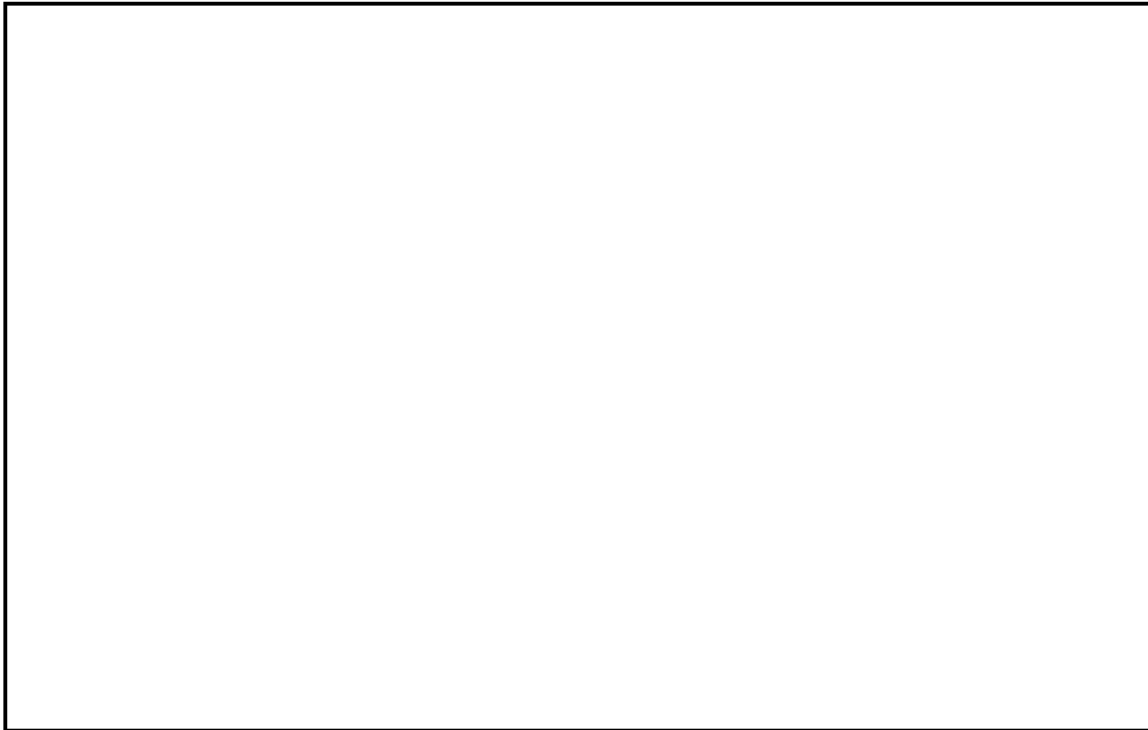
Electoral law penalizes small party groupings, and recent opinion polls suggest the failure by the parties to unite will bring the Socialists closer to an absolute majority in the parliament. Rather than try to overcome their differences, the Popular Alliance and many Center Democrats are attempting to carve out clear identities as future opposition, and eventual successor, parties. [REDACTED]

Comment: Personality and policy conflicts rank high as reasons for the failure to form a coalition. In addition, the parties have grown more resigned to the likelihood of a Socialist victory. [REDACTED]

The listlessness among the right-of-center parties could contribute to a low-key campaign that would help the Socialists, who were hurt by conservative scare tactics in 1977 and 1979. Postponement of the Pope's visit until after the election also could help the Socialists by reducing the possibility that controversial issues such as abortion and education will come to the forefront. [REDACTED]

Top Secret

Top Secret



EC-INTERNATIONAL: GATT Meeting Delayed

Some EC leaders are suggesting the GATT ministerial meeting scheduled for late November should be postponed because of disputes with the US over the Siberian pipeline, steel, and agriculture. EC Commissioner Davignon says these problems have created uncertainty about the usefulness of a meeting and that a decision should be made early next month to avoid a meaningless or embarrassing conference. [REDACTED]

Comment: Since the pipeline sanctions were widened in June, the EC Commission's support for the GATT ministerial meeting has steadily diminished. Although the UK and West Germany have supported the meeting and some US initiatives on services, investment, high technology, agriculture, and North-South negotiations, increasing tensions with the US on economic issues may cause them to agree to a postponement. Delay of the conference would undercut US efforts to secure wider support for trade liberalization initiatives. [REDACTED]

Top Secret

Top Secret
[redacted]

25X

CHINA-UK: Destroyer Modernization

//Beijing has sent a team to London to complete negotiations for the UK to modernize a Chinese destroyer. Prime Minister Thatcher plans to visit Beijing beginning on 22 September and reportedly hopes to announce the conclusion of an agreement at that time. The contract, valued at approximately \$370 million, includes installation of the Sea Dart missile system, sensors, fire control and information systems, and electronic warfare equipment.// [redacted]

25X

Comment: Negotiations have been erratic over the last three years, but the Thatcher visit creates a new deadline and may provide an impetus to resolve the remaining problems. An agreement would open the way for future British sales of defense systems to the Chinese.
[redacted]

25X

Top Secret
[redacted]

25X

Page Denied

Next 2 Page(s) In Document Denied

Top Secret

Top Secret